

MINUTES
of the
LOS ALAMOS NATIONAL LABORATORY OVERSIGHT COMMITTEE
July 6, 2006
Northern New Mexico College
Administration Conference Room

The meeting of the Los Alamos National Laboratory (LANL) Oversight Committee was called to order at 10:12 a.m. on Thursday, July 6, 2006, by Representative Roberto "Bobby" J. Gonzales, co-chair.

Present

Rep. Roberto "Bobby" J. Gonzales, Co-Chair
Rep. Thomas A. Anderson
Sen. John T.L. Grubescic
Rep. Jane E. Powdrell-Culbert
Rep. Debbie A. Rodella
Rep. Nick L. Salazar

Absent

Sen. Phil A. Griego, Co-Chair
Sen. Richard C. Martinez
Sen. William H. Payne
Sen. William E. Sharer

Advisory Members

Rep. Ben Lujan
Rep. Jeannette O. Wallace

Sen. Ben D. Altamirano
Sen. Mary Jane M. Garcia
Sen. Stuart Ingle

Staff

Gordon Meeks
Liz Holmes

Guests

The guest list is in the meeting file.

Copies of all the handouts and written testimony are in the meeting file.

Thursday, July 6

Welcome

President Jose G. Griego of Northern New Mexico College welcomed the committee and thanked the legislature for enacting legislation last year making the college a four-year institution. He said that the first program offering four-year degrees is the teacher education program, which will be followed shortly with six more four-year-degree programs.

Los Alamos National Laboratory New Contract

Dr. Mike Anastasio, director of LANL, thanked the committee for inviting him to make his address. He described his credentials, which include 25 years at Lawrence Livermore National Laboratory (LLNL), four years as director at LLNL and a Ph.D. in nuclear physics. He

thanked the legislature for supporting the University of California in the recent laboratory contract competition and made a commitment that Los Alamos National Security (LANS), LLC, intends to be a great corporate citizen. He illustrated that point by mentioning the close cooperation with Northern New Mexico College through the machinist apprentice program. The federal government's decision to bid the contract to manage the laboratory for the first time in its 63 years of operation is an indication that the government wanted fundamental changes in management, he said. A primary objective is to make operations at LANL more efficient, as well as safer. He explained that he intends to manage the laboratory "in a manner that first seeks to understand the consequences and trade-offs of our business decisions". He told the committee that LANS is comprised of Bechtel National, Inc., the University of California, BWX Technologies and Washington Group International. He said the transition from the old management team to the new one has been successful and that over 96 percent of employees accepted LANS' offers of employment, retaining top scientists, engineers and support staff. This amounted to fewer retirements than last year.

He explained that his vision "is to see that the new organization and leadership team . . . have been assigned responsibility and accountability for execution of programs or functions . . . [and] to do more than identify problems and issues for other managers to handle. My expectation is that the leadership will personally help solve the problem or issue that they identify — that is the job of management". He said that individual employees play a key role in the success of LANL and that every employee is critical to this success. He will be working to integrate the multiple components of the nuclear weapons complex and its many moving parts. Some of his goals are to modernize facilities and weapons systems and develop a flexible and responsive management approach to meet future national security requirements. He wants the business and facility operations of the lab to match its world-class science. He said, to that end, the integration between the laboratory and New Mexico communities is essential, and "we are committed to fostering an excellent relationship with the entire state of New Mexico, especially northern New Mexico".

He addressed safety and security issues and made a commitment to analyze the root causes for recent safety incidents, referring to a hoisting and rigging operation last week that resulted in injuries to two subcontractor employees.

He said that the short-term operational costs have increased because of increased fees, the increased gross receipts tax liability (of about \$50 million) and contributions to new retirement plans. He went on to emphasize that, in the long run, the laboratory will have to find additional efficiencies to maximize the scientific output of the laboratory, which might have implications for employment.

Questions and discussion from the committee addressed:

- potential re-employment of retirees;
- cooperative programs with New Mexico educational institutions;
- the number of students and interns at LANL;
- the status of LANL infrastructure and facilities;

- LANL's counterterrorism program;
- membrane technology being developed at the lab for gas filtration;
- the status of the supercomputer being developed at LANL to be the fastest computer in the world;
- gross receipts tax payment arrangements;
- financial arrangements among the corporate owners of LANS;
- available money for community services;
- details of current employment;
- the amount of procurement from New Mexico businesses;
- environmental compliance;
- the status of the new management team;
- the board of governors;
- LANL's role in missile defense research;
- LANL research in renewable energy;
- collaboration with private industry and technology transfer; and
- the cost and economic impact of new facilities being built in Los Alamos.

LANL Procurement Policies

Richard Marquez, executive director in the Director's Office at LANL, told the committee that LANS will continue the association between the lab and the Business Advisory Committee and the Subcontractor Consortium. He said that a grant pool has been generated with \$100,000 to assist local communities to conduct vendor public information efforts. Dennis Roybal has been recruited as manager of the small business office at the lab. The new contract requires new procurement procedures, and there will be closer federal oversight of the implementation of those procedures. The lab spends up to \$1 billion per year on goods, services and construction. Of that, \$200 million is spent in northern New Mexico. Vendors must be preapproved, and part of the conditions for that preapproval is the fulfillment of safety rules. The new federal procurement rules require that all contracts go out for competitive bidding. There are currently four major subcontractors, but there are as many as 3,000 small subcontractors.

Questions and comments from the committee addressed:

- the federal acquisition regulations as the model for the new LANL procurement rules imposed by the federal government;
- the potential for extension of existing contracts as a sole-source alternative to bidding;
- the cost of subcontractor performance bonds;
- "cycle" time (time between work or service delivery and payment); and
- the consistency of quality standards required of contractors.

Community Outreach

Lillian Montoya-Rael, community programs office leader, described the community commitment plan to the committee. She said the LANS team is committed to benefiting northern New Mexico communities. She described the seven-year community commitment plan

as an investment by the laboratory in northern New Mexico. The plan is based on three prongs: education, economic development and charitable giving. A consistent, responsive relationship with neighboring communities is the commitment. She said that LANS will build a partnership with each constituency that will be a dynamic balance of listening and action and will establish formal metrics for performance, including annual surveys and formal feedback loops to verify alignment with community needs and priorities. LANS' investment mix includes direct community investments targeted to the critical areas, investments from the "earned incentive fee" and in-kind and other community investments. LANS plans to make new education, economic development, community giving and in-kind community investments in addition to the existing LANL regional initiatives, regional purchasing commitments and technology transfer efforts. She mentioned conduits for delivery of these commitments, including the business advisory council, the consortium of major subcontractors, small business outreach and regional procurements, technology commercialization, technical assistance and donation of excess equipment and property to communities. Education sponsorships include student internships, the Math and Science Academy, the Science on Wheels Program, tribal education initiatives and workforce pipeline efforts.

Questions and discussion from the committee addressed:

- LANL's yearly financial commitment of \$14 million for community giving;
- how the LANL Foundation is a separate source of community giving;
- communities LANL considers to be in its sphere of community giving;
- incentives for employees to participate in technical assistance;
- criteria for grant program and decision-makers for grants;
- direct investment contracts; and
- the role of the Technology Transfer Division at the laboratory.

Math and Science Academy

Cathy Berryhill, Carol Brown and Lorenzo Gonzales, master teachers of the academy, told the committee that the academy started with a donation from LANL in 2000 with 12 teachers participating in the program. The program is a teacher education program that helps elementary and middle school teachers improve their teaching skills to foster attention and interest by their students in math and science. Since its inception, average test scores have shown a significant improvement in the schools that have had teachers go through the program. Seventy-eight teachers have gone through the program to date, and 74 teachers are participating this year. The laboratory pays the costs of master teachers who provide the continuing education curriculum to participating teachers, and local school districts and the state legislature have covered the costs of the participating teachers.

The master teachers said that the academy asks for a commitment by the principals of the schools where teachers have applied for the program and asks the participating teachers for a three-year commitment. The master teachers also follow up by coaching participating teachers and visiting their classrooms to see how well the program is translating into the classroom experience. They said that the Math and Science Academy is aligned with the federal No Child Left Behind Act. There is a need to reform teacher education programs at four-year colleges if

this kind of program is to be expanded to all K-12 schools. To that end, the academy has a relationship with the Education Department at New Mexico State University. The cost is \$3,800 per teacher, compared to \$7,800 for a master's degree program in the conventional curriculum, so it is a bargain considering the success of the students of the participating teachers.

Before the question and answer session, the master teachers introduced three teachers who had participated in the program. Lisa Randall from Taos, Mae LaBella from Taos and Yanira Vasquez enthusiastically endorsed the program and described their experiences in the training as career-changing.

Questions and discussion by the committee addressed:

- participation and support by school administrators;
- the need for alternative methods of measuring success;
- the impact on student behavior;
- the cause of progress up to certain grade levels and then apparent drop off in performance results by students;
- the lack of participation by Pecos and Las Vegas;
- the need for all school districts and the Public Education Department to incorporate this curriculum statewide; and
- how to replicate and expand the Math and Science Academy curriculum statewide.

The committee adjourned at 3:30 p.m.